



PRESS RELEASE

Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

Date: March 30, 2016

Contact: *CI-HQ-COMMUNICATIONSEDUCATION@ci.irs.gov
IRS – Criminal Investigation

CI Release #: CI-2016-03-30-B

California Wholesale Executive Pleads Guilty for Role in \$9 Million Bank Fraud Scheme

A California man who was a vice president of a wholesale equipment company pleaded to fraud charges today in connection with a bank fraud scheme that resulted in more than \$9 million in losses to a California bank.

Assistant Attorney General Leslie R. Caldwell of the Justice Department's Criminal Division, U.S. Attorney Eileen M. Decker of the Central District of California, Acting Special Agent in Charge Anthony Orlando of the Internal Revenue Service-Criminal Investigation (IRS-CI) Los Angeles Field Office and Special Inspector General for the Troubled Asset Relief Program (SIGTARP) Christy Goldsmith Romero made the announcement.

Chung Yu Yeung, aka Louis Yeung, 39, of San Dimas, California, pleaded guilty before U.S. District Judge Christina A. Snyder of the Central District of California to one count of conspiracy to commit bank fraud and four counts of bank fraud. Sentencing was set for June 20, 2016, before Judge Snyder.

According to admissions made in connection with his guilty plea, from 2007 to 2012, Yeung was the vice president of Eastern Tools and Equipment Inc. (Eastern Tools), a wholesale equipment company based in Ontario, California, that sold portable generators to retailers across the country. Yeung admitted that beginning in 2007, he and his co-conspirators defrauded East West Bank, based in Pasadena, California, in connection with a line of credit for Eastern Tools by making and causing to be made material misrepresentations to the bank about Eastern Tools' accounts receivable and its financial statements. The conspirators created numerous shell corporations to act as purported suppliers and retailers doing business with Eastern Tools, when, in reality, these shell corporations were entirely under the control of Yeung and existed for the sole purpose of creating the illusion of such business, he admitted. Yeung admitted that the fictitious companies allowed him and other conspirators to falsely inflate Eastern Tools' accounts receivable and financial statements in representations to East West Bank.

To further the scheme, Yeung and other conspirators opened and caused to be opened post office boxes, phone accounts and email accounts purportedly associated with the shell retail companies, and provided information about these items to East West Bank auditors to promote the illusion that these shell customers were independent entities, according to admissions made in connection with Yeung's plea.

Eastern Tools defaulted on the promissory note after East West Bank discovered the fraud, causing more than \$9 million in losses to the bank, Yeung admitted.

SIGTARP, IRS-CI and the FBI investigated the case. Senior Litigation Counsel David A. Bybee of the Criminal Division's Fraud Section is prosecuting the case.

#